

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 DOTE-00 CAB-09 CIAE-00 COME-00

DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 DRC-01 IO-14

SS-20 NSC-10 TRSE-00 L-03 H-03 /099 W

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 5052

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E.O. 11652: N/A

TAGS: ETRN, AR

SUBJ: ARGENTINE AIRWAYS CHARGES

REF: STATE 241054, DECEMBER 10, 1973

1. SUMMARY: ARGENTINE EN ROUTE USER CHARGES APPEAR TO BE AMONG HIGHEST IN WORLD, PARTICULARLY FOR LARGER AIRCRAFT. HOWEVER, AS NO EVIDENCE AVAILABLE HERE TO INDICATE THAT THESE CHARGES ACTUALLY EXCEED COST TO GOA OF PROVIDING SERVICES, EMBASSY RECOMMENDS QUESTION NOT BE INCLUDED ON AGENDA FOR FORTHCOMING BILATERAL AIR TRANSPORT NEGOTIATIONS. END SUMMARY.

2. ARGENTINE EN ROUTE USER CHARGES ASSESSED ON BASIS DISTANCE FLOWN IN ARGENTINA, AIRCRAFT WEIGHT AND TYPE OF FLIGHT. THESE AND OTHER USER CHARGES FIRST APPLIED BY GOA IN 1948, WITH NUMEROUS CHANGES SINCE. UP THROUGH 1969 EN ROUTE CHARGES CALCULATED ON SLIDING SCALE, WITH PER TON RATE DECLINING AS WEIGHT OF AIRCRAFT INCREASED. CURRENT SYSTEM, INSTITUTED IN 1970, REVERSES THIS BY APPLYING HIGHER PER TON RATE TO LARGER AIRCRAFT. ALSO BEGINNING IN 1970, INTERNATIONAL FLIGHTS CHARGED AT HIGHER RATE THAN INTERNAL FLIGHTS. RATES SUBSEQUENTLY READJUSTED IN 1972 AND 1973, IN PART TO COMPENSATE FOR DEVALUATION OF ARGENTINE PESO. THUS, AIRCRAFT OF OVER 80 TONS ON INTERNATIONAL FLIGHT NOW CHARGED AT MAXIMUM RATE, WHICH CURRENTLY SET AT .021 ARGENTINE

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PESOS PER TON PER KILOMETER. FOR B-707 OF 150 TONS, THIS EQUALS

ABOUT 50 CENTS PER MILE, AND EN ROUTE CHARGE FOR REPRESENTATIVE FLIGHT, CARACAS TO BUENOS AIRES, COVERING 520 MILES IN ARGENTINA ABOUT US \$262 PER FLIGHT. ALL AIRLINES, INCLUDING NATIONAL AIRLINE, CHARGED AT SAME RATE FOR SAME TYPE OF FLIGHT.

3. DECREE WHICH ESTABLISHED CURRENT SYSTEM OF CHARGES STATED GOA HAD BEEN ABSORBING LARGE PORTION OF COSTS OF SERVICES, WITH PREVIOUS RATES COVERING LESS THAN HALF OF GOA'S DIRECT COSTS. JUSTIFIED INTRODUCTION OF HIGHER CHARGES FOR INTERNATIONAL FLIGHTS ON BASIS OF IMPROVED FINANCIAL SITUATION OF INTERNATIONAL CARRIERS AS COMPARED TO LINES HANDLING INTERNAL TRAFFIC. FURTHER STATED THAT HIGHER RATES WOULD ENABLE SERVICES TO BE IMPROVED WHILE AVOIDING ADDITIONAL DRAIN ON TREASURY.

4. LOCAL PAN AM OFFICE PROVIDED EMBASSY WITH GENERAL INFORMATION ON EN ROUTE CHARGES, COMPARISON OF ARGENTINE CHARGES WITH THOSE OF OTHER COUNTRIES, AND SUMMARY OF PAN AM'S DISCUSSIONS WITH GOA ON SUBJECT, ALL OF WHICH PREPARED OR COMPILED BY PAN AM CENTRAL OFFICE. INFORMATION GENERALLY SUPPORTS POINTS OF FACT MADE BY PAN AM TO DEPARTMENT PER REFTEL. EMBASSY POUCHING COPIES OF DOCUMENTS TO EB/TT/OA. SUMMARY OF DISCUSSIONS REFERS TO PAN AM MEETING WITH GOA IN BUENOS AIRES IN JULY 1973. GOA REPRESENTATIVES UNAWARE ARGENTINA'S CHARGES AMONG HIGHEST IN WORLD, SAYING THEY BELIEVED CHARGES TO BE LOW AND INCREASES WARRANTED. THEY REPORTED PRELIMINARY GOA STUDY SHOWED COUNTRY RECOVERING ABOUT 50 PERCENT OF COSTS, WITH HALF OF AMOUNT RECOVERED OBTAINED FROM INTERNATIONAL CARRIERS. GOA REPS SAID COST ALLOCATION STUDY BY OUTSIDE COMPANY WAS UNDERWAY, AND RESULTS WOULD BE PROVIDED PAN AM WHEN COMPLETED IN ABOUT MID-1974. MAJOR NEW TRAFFIC CONTROL FACILITIES WERE BEING INSTALLED OR PLANNED OVER NEXT FEW YEARS. PAN AM SUMMARY THESE DISCUSSIONS INDICATED COMPANY INTENDED TO HOLD FOLLOW-UP MEETING WITH OTHER CARRIERS, AND THAT COMPLETE ANALYSIS OF ARGENTINE CHARGES WAS UNDER PREPARATION, BUT LOCAL OFFICE KNOWS NOTHING FURTHER ON THESE TWO POINTS.

5. IN DISCUSSIONS WITH EMBASSY, LOCAL PAN AM REPRESENTATIVES EMPHASIZED THAT ARGENTINE SYSTEM OF ASSESSING CHARGES PLACED HEAVIEST BURDEN ON LARGER AIRCRAFT WHICH OFTEN REQUIRE LESS SERVICES BECAUSE OF AMOUNT OF NAVIGATIONAL AND OTHER EQUIPMENT CARRIED ON BOARD. ALSO COMPLAINED THAT OTHER GOA USER CHARGES LIMITED OFFICIAL USE

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VERY HIGH. THEY CONFIRMED THAT GOA HAD NOT PROVIDED DETAILED COST BREAKDOWN OF SERVICES, PARA 2(C) OF REFTEL, BUT UNDERSTOOD MOST GOVERNMENTS DID NOT PROVIDE SUCH INFORMATION TO AIRLINES AND QUESTIONED IF SUCH INFORMATION ACTUALLY AVAILABLE IN THIS CASE. THEY HAD NO INFORMATION ON POSSIBILITY GOA USING REVENUES TO SUBSIDIZE OTHER ACTIVITIES AND NATIONAL AIRLINES, PARA 2(B), BUT EXPLAINED THAT WHILE AEROLINEAS ARGENTINAS NOMINALLY CHARGED AT SAME RATE AS OTHER AIRLINES FOR INTERNATIONAL FLIGHTS, IT

GENERALLY WAS BEHIND IN MAKING PAYMENTS. ANNUAL OPERATING DEFICIT OF AEROLINEAS NORMALLY COVERED FROM GOA BUDGET IN ANY CASE.

6. WE ALSO RAISED QUESTION OF EN ROUTE CHARGES WITH LOCAL BRANIFF OFFICE, AND THROUGH THEIR RESPECTIVE EMBASSIES, WITH BRITISH AND CANADIAN AIRLINES SERVING BUENOS AIRES. WHILE THERE WAS GENERAL ACKNOWLEDGEMENT THAT ARGENTINE RATES WERE HIGH, THERE WAS NO INDICATION THAT QUESTION WAS OF IMMEDIATE INTEREST OR OF ANY INCLINATION TO TAKE UP MATTER WITH GOA. BRANIFF REP NOTED THAT COMPANY CONSIDERED COMPLAINT TO GOA ON AIRPORT CHARGES A FEW YEARS AGO, BUT DROPPED IDEA AFTER LEARNING THAT CHARGES BY SOME US AIRPORTS WERE EVEN HIGHER THAN CHARGES HERE.

7. WHILE ACCEPTING PAN AM STATEMENT THAT ARGENTINE EN ROUTE USER CHARGES AMONG HIGHEST IN WORLD, EMBASSY SEES LITTLE JUSTIFICATION FOR USG TO RAISE QUESTION ON BILATERAL BASIS WITH GOA AND RECOMMENDS IT NOT BE INCLUDED IN AGENDA FOR FORTHCOMING BILATERAL AIR TRANSPORT NEGOTIATIONS. THERE IS NO INDICATION THAT CURRENT CHARGES DISCRIMINATE AGAINST US CARRIERS, AND AS YET, APPARENTLY NO REAL BASIS FOR CLAIM THAT CHARGES EXCEED COST OF PROVIDING SERVICES. GOA ALMOST CERTAIN TO STAND BY CLAIM THAT CURRENT OR EVEN INCREASED CHARGES NECESSARY TO FINANCE EXTENSIVE NEW FACILITIES, WHICH EXPECTED TO BE PUT INTO SERVICE BEGINNING THIS YEAR AND SHOULD BE AT LEAST EQUAL TO ANY EXISTING SYSTEM IN LATIN AMERICA. WE UNABLE TO COMPARE ARGENTINE SYSTEM FOR APPORTIONING CHARGES WITH SYSTEMS OF OTHER COUNTRIES, BUT ON BASIS OF INFORMATION PROVIDED BY PAN AM HERE (ARTICLE 15 OF 1944 ICAO AGREEMENT AND HAMMERSKJOLD ADDRESS TO FEBRUARY 1973 ICAO CONFERENCE ON AIRWAY CHARGES), ARGENTINE CHARGES DO NOT APPEAR TO BE CONTRARY TO ICAO AGREEMENT AND, MORE IMPORTANTLY, ARE PART OF RECOGNIZED WORLDWIDE PROBLEM NOT UNIQUE TO ARGENTINA. INITIATING BILATERAL DISCUSSIONS WITH GOA WOULD NOT APPEAR TO BE IN BEST INTEREST OF USG OR EVEN PAN AM; INSTEAD ISSUE SEEMS MORE LIMITED OFFICIAL USE

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SUITABLE FOR CONSIDERATION IN MULTILATERAL FORUM, SUCH AS ICAO. KREBS

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Message Attributes

Automatic Decaptioning: X
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Disposition Date: 28 MAY 2004
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